



ANNUAL OIL TRIGGER PRICE ADJUSTMENT

TO: North Dakota Oil Producers and Purchasers

FROM: Office of State Tax Commissioner

SUBJECT: Notification of Oil Trigger Price Adjustment for Calendar Year 2022

DATE: December 31, 2021

In keeping with the provisions of North Dakota Century Code (N.D.C.C.) § 57-51.1-02, the Tax Commissioner has determined that the oil trigger price for the calendar year January 1, 2022, through December 31, 2022, is \$94.69.

For your information, the following steps determined the trigger price for calendar year 2022:

STEP 1 - The annual average of the industrial commodities producer price index, commodity code 03 thru 15, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for fiscal year 2021 was computed from the data shown below.

July	2020	193.0
August	2020	194.7
September	2020	195.6
October	2020	195.7
November	2020	197.3
December	2020	200.7
January	2021	204.9
February	2021	211.2
March	2021	216.0
April	2021	218.1
May	2021	224.4
June	2021	<u>228.9</u>
Annual Average		206.71

STEP 2 - A base rate adjustment of 1.05212 was computed by dividing the 2021 fiscal year average price index of 206.71 by the base rate index of 196.47, which was determined using the 2015 fiscal year average (i.e., $206.71 / 196.47 = 1.05212$).

STEP 3 - The effective trigger price of \$94.69 for calendar year 2022 was computed by multiplying \$90.00 times the base rate adjustment of 1.05212 (i.e., $\$90.00 \times 1.05212 = \94.69).

In accordance with N.D.C.C. § 57-51.1-02, if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive three-month period, then the rate of tax on oil extracted from all taxable wells is six percent of the gross value at the well of the oil extracted until the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive three-month period, in which case the rate of tax reverts to five percent of the gross value at the well of the oil extracted.

The trigger price adjustment is published on the Office of State Tax Commissioner's website located at: www.nd.gov/tax. If you have any questions regarding this notification, please contact the Oil and Gas Tax Section at 701-328-2705 or by email at oiltax@nd.gov.